

a loan note to said financial business entit[ies]y of a fractional share from each participating residential real estate property owner that is secured by fractional deeds of trust on the purchased properties, or;

a no-cost transfer to said financial business entit[ies]y of a fractional share from each participating residential real estate property owner wherein said no-cost transfer of fractional deeds of trust on the purchased properties pays for insurance against loss of said owner property value, or;

payment of premiums to said financial business entit[ies]y for insurance against loss of said owner property value.

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Note to the Examiner:

See the following page for an explanation of the equations in Claim #1 which provides an example of possible Claim #1 outcomes.

The following page is only for the benefit of the Examiner and is not part of the Claims section.

Example outcomes Claim #1 for a home owner:

1. The home owner provides a fraction of title to the business entity. For example, the home owner wishes to protect against a loss of 25% of the purchase price of his house. He gives the business entity a 25% interest in his home by giving a fractional deed of trust or fractional title.

2. After 10 years, the home owner sells his house. The outcomes are as follows, assuming a 7% average appreciation rate for similar homes in his neighborhood, over a similar time interval.

a) If the home owner sold his home for a price that exceeded a 7% compound annual rate of inflation, then the homeowner would only receive a 7% annual return on the 25% partial deed of trust he provided to the business entity; the business entity keeps the remainder (or a negotiated fraction of the remainder).

b) If the home owner sold his home for less than the 7% compound annual rate of inflation, the home owner would receive the lower rate of inflation on the 25% partial deed of trust, less a possible fee if negotiated by the business entity.

c) If the home owner sold at a loss, he would receive payment (up to 25%) for the amount of the loss. The business entity could mitigate possible losses by operating in all states, or be subsidized by a government organization in case of a country-wide depression, or by collecting a premium from all participating home owners.